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(7) To allow the Postal Service to communicate with Postal Service customers on products, services, and other information otherwise available to Postal Service customers through traditional retail outlets.

(8) Any internal use by Postal Service personnel, including identification and monitoring activities relating to Postage Evidencing Systems, provided that such use does not result in the disclosure of applicant information to any third party or will not enable any third party to use applicant information for its own purposes; except that the applicant information may be disclosed to other governmental agencies for law enforcement purposes as provided by law.

(9) Identification of authorized Postage Evidencing System providers or announcement of the de-authorization of an authorized provider, or provision of currently available public information, where an authorized provider is identified.

(10) To promote and encourage the use of Postage Evidencing Systems as a form of postage payment, provided that the same information is provided to all Postage Evidencing System customers and no particular Postage Evidencing System provider will be recommended by the Postal Service.

(11) To contact customers in cases of revenue fraud or revenue security.

(12) Disclosure to a Postage Evidencing System provider of applicant information pertaining to that provider's customers that the Postal Service views as necessary to enable the Postal Service to carry out its duties and purposes.

(13) To transmit to a Postage Evidencing System provider all applicant and system information pertaining to that provider's customers and systems that may be necessary to permit such provider to synchronize its computer databases with information contained in the computer files of the Postal Service.

(14) Subject to the conditions stated herein, to communicate in oral or written form with any or all applicants any information that the Postal Service views as necessary to enable the Postal Service to carry out its duties and purposes under part 501.

39 CFR Ch. I (7–1–10 Edition)

§ 501.19 Intellectual property.

Providers submitting Postage Evidencing Systems to the Postal Service for approval are responsible for obtaining all intellectual property licenses that may be required to distribute their product in commerce and to allow the Postal Service to process mail bearing the indicia produced by the Postage Evidencing System. To the extent approval is granted and the Postage Evidencing System is capable of being used in commerce, the provider shall indemnify the Postal Service for use of such intellectual property in both the use of the Postage Evidencing System and the processing of mail bearing indicia produced by the Postage Evidencing System.

PART 551—SEMIPOSTAL STAMP PROGRAM

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AUTHORITY: 39 U.S.C. 101, 201, 203, 401, 403, 404, 410, 414, 416.

SOURCE: 66 FR 31826, June 12, 2001, unless otherwise noted.

§ 551.1 Semipostal Stamp Program.

The Semipostal Stamp Program is established under the Semipostal Authorization Act, Public Law 106–253, 114 Stat. 634 (2000), as amended by Public Law 107–67, section 652, 115 Stat. 514 (2001). The Office of Stamp Services has primary responsibility for administering the Semipostal Stamp Program. The Office of Accounting, Finance, Controller has primary responsibility for the financial aspects of the Semipostal Stamp Program.

[67 FR 5215, Feb. 5, 2002]

§ 551.2 Semipostal stamps.

Semipostal stamps are stamps that are sold for a price that exceeds the

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postage value of the stamp. The difference between the price and postage value of semipostal stamps, also known as the differential, less an offset for reasonable costs, as determined by the Postal Service, consists of a contribution to fund causes determined by the Postal Service to be in the national public interest and appropriate. Funds are to be transferred to selected recipient executive agencies, as defined under 5 U.S.C. 105. The office of Stamp Services determines the print quantities of semipostal stamps. The use of semipostal stamps shall be voluntary on the part of postal patrons.

§ 551.3 Procedure for selection of causes and recipient executive agencies.

The Postal Service is authorized to select causes and recipient executive agencies to receive funds raised through the sale of semipostal stamps. The procedure for selection of causes and recipient executive agencies is as follows:

(a) In advance of the issuance of a semipostal stamp, the office of Stamp Services will publish a request for proposals in the FEDERAL REGISTER inviting interested persons to submit proposals for a cause and recipient executive agencies for a future semipostal stamp. The notice will specify the beginning and ending dates of the period during which proposals may be submitted. The notice will also specify the approximate period in which the semipostal stamp for which proposals are solicited is to be sold. The office of Stamp Services may publicize the request for proposals through other means, as it determines in its discretion.

(b) Proposals will be received by the office of Stamp Services, which will review each proposal under § 551.4.

(c) Those proposals that the office of Stamp Services determines satisfy the requirements of § 551.4 will be forwarded for consideration by the Citizens' Stamp Advisory Committee, which is described in Administrative Support Manual (ASM) section 644.5. For availability of ASM 644.5, contact the Office of Stamp Services (202) 268-2319.

(d) The Citizens' Stamp Advisory Committee will review eligible proposals forwarded by the office of Stamp Services. Based on the proposals submitted, the Citizens' Stamp Advisory Committee will make recommendations on a cause and eligible recipient executive agency(ies) to the postmaster general. If no eligible proposals are recommended, the Postal Service will solicit additional proposals through publication of a notice in the FEDERAL REGISTER and through other means as it determines in its discretion.

(e) Meetings of the Citizens' Stamp Advisory Committee are closed, and deliberations of the Citizens' Stamp Advisory Committee are predecisional in nature.

(f) The postmaster general will act on the recommendations of the Citizens' Stamp Advisory Committee. The decision of the postmaster general shall consist of the final agency decision.

(g) The office of Stamp Services will notify the executive agency(ies) in writing of a decision designating the agency(ies) as recipients of funds from a semipostal stamp.

(h)(1) A proposal submission may designate one or two recipient executive agencies to receive funds, but if more than one executive agency is proposed, the proposal must specify the percentage shares of differential revenue, net of the Postal Service's reasonable costs, to be given to each agency. If percentage shares are not specified, it is presumed that the proposal intends that the funds be split evenly between the agencies. If more than two recipient executive agencies are proposed to receive funds and the proposal is selected, the proposal is treated as prescribed by paragraph (h)(3) of this section.

(2) If more than one proposal is submitted for the same cause, and the proposals would have different executive agencies receiving funds, the funds would be evenly divided among the executive agencies, with no more than two agencies being designated to receive funds, as determined by the vice president and consumer advocate.

(3) Within 10 days of receipt of a notice indicating that it has been selected to receive funds, a selected agency could request a proportionately larger share if it can demonstrate that its share of total funding of the cause from other sources (excluding any additional funds available as a result of the semipostal stamp) exceeds that of the other recipient executive agency. The request must be in writing and must be sent to the manager of Stamp Services. In those cases, the determination regarding the proportional share to be divided among the recipient executive agencies is made by the Postal Service's vice president and consumer advocate.

(i) As either a separate matter, or in combination with recommendations on a cause and a recipient executive agency(ies), the Citizens' Stamp Advisory Committee will recommend to the postmaster general a design (i.e., artwork) for the semipostal stamp. The postmaster general will make a final determination on the design to be featured.

§ 551.4 Submission requirements and selection criteria.

(a) Proposals on recipient executive agencies and causes must satisfy the following requirements:

(1) Interested persons must timely submit an original and 20 copies of the proposal. For purposes of this section, interested persons include, but are not limited to, individuals, corporations, associations, and executive agencies under 5 U.S.C. 105. Interested persons submitting proposals are also encouraged to submit an Adobe Acrobat (.pdf) file saved on a 3.5 inch diskette or CD-ROM diskette containing the entire contents of the submission. In extraordinary circumstances, the office of Stamp Services may, in its discretion, consider a late-filed proposal.

(2) The proposal submission must be signed by the individual or a duly authorized representative and must provide the mailing address, phone number, fax number (if available), and E-mail address (if available) of a designated point of contact.

(3) The submission must describe the cause and the purposes for which the funds would be spent.

(4) The submission must demonstrate that the cause to be funded has broad national appeal, and that the cause is in the national public interest and furthers human welfare. Respondents are encouraged to submit supporting documentation demonstrating that funding the cause would benefit the national public interest.

(5) The submission must be accompanied by a letter from an executive agency or agencies on agency letterhead representing that:

(i) it is an executive agency as defined under 5 U.S.C. 105,

(ii) it is willing and able to implement the proposal, and

(iii) it is willing and able to meet the requirements of the Semipostal Authorization Act, if it is selected. The letter must be signed by a duly authorized representative of the agency.

(b) Proposal submissions become the property of the Postal Service and are not returned to interested persons who submit them. Interested persons who submit proposals are not entitled to any remuneration, compensation, or any other form of payment, whether their proposal submissions are selected or not, for any reason.

(c) The following persons are disqualified from submitting proposals:

(1) Any contractor of the Postal Service that may stand to benefit financially from the Semipostal Stamp Program; or

(2) Members of the Citizens' Stamp Advisory Committee and their immediate families, and employees or contractors of the Postal Service, and their immediate families, who are involved in any decision-making related to causes, recipient agencies, or artwork for the Semipostal Stamp Program.

(d) Consideration for evaluation will not be given to proposals that request support for the following: Anniversaries; public works; people; specific organizations or associations; commercial enterprises or products; cities, towns, municipalities, counties, or secondary schools; hospitals, libraries, or similar institutions; religious institutions; causes that do not further human welfare; or causes determined by the Postal Service or the Citizens'

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Stamp Advisory Committee to be inconsistent with the spirit, intent, or history of the Semipostal Authorization Act.

(e) Artwork and stamp designs should not be submitted with proposals.

§ 551.5 Frequency and other limitations.

(a) The Postal Service is authorized to issue semipostal stamps for a 10-year period beginning on the date on which semipostal stamps are first sold to the public under 39 U.S.C. 416. The 10-year period will commence after the sales period of the *Breast Cancer Research* stamp is concluded in accordance with the Stamp Out Breast Cancer Act, and as amended by the Semipostal Authorization Act, the Breast Cancer Research Stamp Act of 2001, and Public Law 107-67, section 650, 115 Stat. 514. The Office of Stamp Services will determine the date of commencement of the 10-year period.

(b) The Postal Service will offer only one semipostal stamp for sale at any given time during the 10-year period.

(c) The sales period for any given semipostal stamp is limited to no more than 2 years, as determined by the office of Stamp Services.

(d) Prior to or after the issuance of a given semipostal stamp, the Postal Service reserves the right to withdraw the semipostal stamp from sale, or to reduce the sales period, if, *inter alia*:

(1) Its sales or revenue statistics are lower than expected,

(2) The sales or revenue projections are lower than previously expected, or

(3) The cause or recipient executive agency does not further, or comply with, the statutory purposes or requirements of the Semipostal Authorization Act. The decision to withdraw a semipostal stamp is to be made by the postmaster general, after review of supporting documentation prepared by the office of Stamp Services.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5215, Feb. 5, 2002]

§ 551.6 Pricing.

(a) The Semipostal Authorization Act, as amended by Public Law 107-67, section 652, 115 Stat. 514 (2001), prescribes that the price of a semipostal stamp is the rate of postage that would

otherwise regularly apply, plus a differential of not less than 15 percent. The price of a semipostal stamp shall be an amount that is evenly divisible by five. For purposes of this provision, the First-Class Mail® single-piece first-ounce rate of postage will be considered the rate of postage that would otherwise regularly apply.

(b) The prices of semipostal stamps are determined by the Governors of the United States Postal Service in accordance with the requirements of 39 U.S.C. 416.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5216, Feb. 5, 2002]

§ 551.7 Calculation of funds for recipient executive agencies.

(a) The Postal Service is to determine its reasonable costs in executing its responsibilities pursuant to the Semipostal Authorization Act, as specified in § 551.8. These costs are offset against the revenue received through sale of each semipostal stamp in excess of the First-Class Mail single-piece first-ounce rate in effect at the time of purchase.

(b) Any reasonable costs offset by the Postal Service shall be retained by it, along with revenue from the sale of the semipostal stamps, as recorded by sales units through the use of a specially designated account.

(c) The Postal Service is to pay designated recipient executive agency(ies) the remainder of the differential revenue less an amount to recover the reasonable costs of the Postal Service, as determined under § 551.8.

(d) The amounts for recipient executive agencies are transferred in a manner and frequency determined by mutual agreement, consistent with the requirements of 39 U.S.C. 416.

§ 551.8 Cost offset policy.

(a) Postal Service policy is to recover from the differential revenue for each semipostal stamp those costs that are determined to be attributable to the semipostal stamp and that would not normally be incurred for stamps having similar sales; physical characteristics; and marketing, promotional, and public relations activities (hereinafter “comparable stamps”).

(b) Overall responsibility for tracking costs associated with semipostal stamps will rest with the Office of Accounting, Finance, Controller. Individual organizational units incurring costs will provide supporting documentation to the Office of Accounting, Finance, Controller.

(c) For each semipostal stamp, the Office of Stamp Services, in coordination with the Office of Accounting, Finance, Controller, shall, based on judgment and available information, identify the comparable stamp(s) and create a profile of the typical cost characteristics of the comparable stamp(s) (*e.g.*, manufacturing process, gum type), thereby establishing a baseline for cost comparison purposes. The determination of comparable stamps may change during or after the sales period, and different comparable stamp(s) may be used for specific cost comparisons.

(d) Except as specified, all costs associated with semipostal stamps will be tracked by the Office of Accounting, Finance, Controller. Costs that will not be tracked include:

(1) Costs that the Postal Service determines to be inconsequential small, which include those cost items which are less than \$3,000 per invoice and are not specifically charged to a semipostal finance number.

(2) Costs for which the cost of tracking or estimation would be burdensome (*e.g.*, costs for which the cost of tracking exceeds the cost to be tracked);

(3) Costs attributable to mail to which semipostal stamps are affixed (which are attributable to the appropriate class and/or subclass of mail); and

(4) Administrative and support costs that the Postal Service would have incurred whether or not the Semipostal Stamp Program had been established.

(e) Cost items recoverable from the differential revenue include, but are not limited to, the following:

(1) Packaging costs in excess of the cost to package comparable stamps;

(2) Printing costs of flyers and special receipts;

(3) Costs of changes to equipment;

(4) Costs of developing and executing marketing and promotional plans in excess of the cost for comparable stamps;

(5) Other costs specific to the semipostal stamp that would not normally have been incurred for comparable stamps; and

(6) Costs in paragraph (g) of this section that materially exceed those that would normally have been incurred for comparable stamps.

(f) The Semipostal Stamp Program incorporates the following provisions that are intended to maximize differential revenues available to the selected causes. These include, but are not limited to, the following:

(1) Avoiding, to the extent practicable, promotional costs that exceed those of comparable stamps;

(2) Establishing restrictions on the number of concurrently issued semipostal stamps; and

(3) Making financial and retail system changes in conjunction with regularly scheduled revisions.

(g) Other costs attributable to semipostals but which would normally be incurred for comparable stamps would be recovered through the postage component of the semipostal stamp price. Such costs are not recovered, unless they materially exceed the costs of comparable stamps. These include, but are not limited to, the following:

(1) Costs of stamp design (including market research);

(2) Costs of stamp production and printing;

(3) Costs of stamp shipping and distribution;

(4) Estimated training costs for field staff, except for special training associated with semipostal stamps;

(5) Costs of stamp sales (including employee salaries and benefits);

(6) Costs associated with the withdrawal of the stamp issue from sale;

(7) Costs associated with the destruction of unsold stamps; and

(8) Costs associated with the incorporation of semipostal stamp images into advertising for the Postal Service as an entity.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5216, Feb. 5, 2002; 69 FR 7689, Feb. 19, 2004; 70 FR 6765, Feb. 9, 2005]